

**WORLD CLASS EXTRACTIONS INC.**

**and**

**CBD MED RESEARCH CORP.**

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**BUSINESS COMBINATION AGREEMENT**

**FEBRUARY 13, 2019**

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<b>SCHEDULE "A" AMALGAMATION AGREEMENT</b>		

**BUSINESS COMBINATION AGREEMENT**

**THIS AGREEMENT** is made as of February 13, 2019,

**BETWEEN:**

**WORLD CLASS EXTRACTIONS INC.,**  
a corporation incorporated under the laws of the Province of Ontario  
("World Class")

- and -

**CBD MED RESEARCH CORP.,**  
a corporation existing under the laws of the Province of British Columbia  
("CBD")

(each a "**Party**" and collectively, the "**Parties**")

**WHEREAS** pursuant to a letter of intent between the Parties dated August 4, 2018, as amended September 20, 2018 and as further amended October 18, 2018 (collectively, the "**Letter of Intent**"), World Class and CBD propose to combine the business and assets of World Class with those of CBD and upon completion of such business combination, CBD will, through Amalco (as defined below), be a provider of extraction services to the hemp and cannabis industry with the name "World Class Extractions Inc." or such other similar name as may be accepted by the relevant regulatory authorities and approved by the board of directors of World Class;

**AND WHEREAS** the Parties intend to carry out the proposed business combination by way of a statutory amalgamation under the provisions of the OBCA (as defined below) and related transaction steps;

**NOW THEREFORE** in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, the Parties covenant and agree as follows:

**ARTICLE 1**  
**INTERPRETATION**

**1.1 Definitions**

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the following meanings, respectively:

"**Affiliate**" has the meaning ascribed thereto in the OBCA;

"**Agreement**", "**this Agreement**", "**herein**", "**hereto**", and "**hereof**" and similar expressions refer to this business combination agreement, including the schedules attached hereto, as the same may be amended or supplemented from time to time;

"**Amalco**" means the amalgamated corporation resulting and continuing from the Amalgamation;

"**Amalco Shares**" means the common shares in the share capital of Amalco;

"**Amalgamation**" means the amalgamation of World Class and Subco by way of a "three-cornered amalgamation" with CBD under the provisions of Section 174 of the OBCA and pursuant to the terms of the Documents;

“**Amalgamation Agreement**” means the agreement among World Class, CBD and Subco in respect of the Amalgamation, to be substantially in the form attached as Schedule “A” to this Agreement;

“**Articles of Amalgamation**” means the articles of amalgamation giving effect to the Amalgamation required under the OBCA to be filed with the Director;

“**BCBCA**” means the *Business Corporations Act* (British Columbia) as the same has been and may hereafter from time to time be amended;

“**Business Combination**” means the series of transactions, as detailed in this Agreement, through which the businesses of World Class and CBD will be combined, including the Financing, the CBD Share Split, the CBD Name Change, the WCE Share Split, the Amalgamation, and the CBD Director Appointments;

“**Business Day**” means any day, excluding Saturday or Sunday, on which banking institutions are open for business in Toronto, Ontario;

“**CBD**” means CBD Med Research Corp.;

“**CBD Compensation Warrants**” means warrants to purchase CBD Post-Split Shares to be issued to the holders of the WCE Compensation in replacement of the WCE Financing Compensation Warrants and WCE Prior Compensation Warrants on a one-for-one basis;

“**CBD Convertible Securities**” means, collectively, the CBD Options and CBD Warrants;

“**CBD Director Appointments**” means, subject to the completion of the Amalgamation, the reconstitution of the board of directors of CBD to consist of five (5) directors, as more particularly set out in section 2.3;

“**CBD Financial Statements**” has the meaning ascribed thereto in section 3.2(m) hereof;

“**CBD Name Change**” means, subject to the completion of the Amalgamation, a change in the name of CBD to “World Class Extractions Inc.” or such other similar name as may be accepted by the relevant regulatory authorities and approved by the board of directors of CBD;

“**CBD Options**” means the stock options of CBD entitling the holders to purchase CBD Shares;

“**CBD Post-Split Shares**” means the issued and outstanding common shares in the capital of CBD, as constituted following the CBD Share Split;

“**CBD Share Split**” means, conditional on and effective upon the closing of the Business Combination, a split of the issued and outstanding CBD Shares on the basis of one (1) CBD Split Share for each three (3) CBD Post-Split Shares;

“**CBD Shareholder**” means a registered holder of CBD Shares or CBD Post-Split Shares, as the case may be, from time to time;

“**CBD Shares**” means the issued and outstanding common shares in the capital of CBD, as constituted prior to the CBD Share Split;

“**CBD Stock Option Plan**” means the stock option plan of CBD providing for the issuance of incentive stock options;

“**CBD Warrants**” means warrants of CBD entitling the holders to purchase CBD Shares;

“**Certificate of Amalgamation**” means the certificate in respect of the Amalgamation issued by the Director;

“**Completion Deadline**” means March 31, 2019 or such later date as may be mutually agreed between the Parties in writing;

“**CSE**” means Canadian Securities Exchange;

“**CSE Escrow Agreement**” means the escrow agreement to be entered into among CBD’s registrar and transfer agent, CBD and certain securityholders of CBD in compliance with the requirements of the CSE, with the securities subject to such agreement to be released as determined by the CSE;

“**Debt Instrument**” has the meaning ascribed thereto in section 3.1(bb) hereof;

“**Depository**” means such Person as CBD may appoint to act as depository in relation to the Business Combination, with the approval of World Class, acting reasonably;

“**Director**” means the Director appointed under Section 278 of the OBCA;

“**Dissenting WCE Shares**” means the WCE Shares held by Dissenting Shareholders;

“**Dissenting Shareholder**” means a registered holder of WCE Shares who, in connection with the special resolution of the World Class Shareholders approving the Amalgamation, has exercised the right to dissent pursuant to Section 185 of the OBCA in strict compliance with the provisions thereof and thereby becomes entitled to be paid the fair value of his, her or its WCE Shares and who has not withdrawn the notice of the exercise of such right as permitted by Section 185 of the OBCA;

“**Documents**” means, collectively, this Agreement and the Amalgamation Agreement;

“**DRS Statement**” means a statement evidencing a shareholding position under the Direct Registration System;

“**Effective Date**” means the date shown on the Certificate of Amalgamation giving effect to the Amalgamation;

“**Effective Time**” means 12:01 a.m. (Toronto time) on the Effective Date or such other time on the Effective Date as may be agreed by World Class and CBD;

“**Engagement Agreement**” means an engagement agreement entered into between the Finder, World Class and CBD dated September 20, 2018 with respect to the Financing;

“**Environmental Laws**” has the meaning ascribed thereto in section 3.1(w) hereof;

“**fair value**” where used in relation to a WCE Share held by a Dissenting Shareholder, means fair value as determined by a court under Section 185 of the OBCA or as agreed between World Class and the Dissenting Shareholder;

“**Financing**” means a non-brokered private placement by World Class of Subscription Receipts, at a price of \$0.13 per Subscription Receipt pursuant to the terms of the Engagement Agreement, with respect to which World Class has presently closed on subscriptions for an aggregate of 175,574,320 Subscription Receipts for gross proceeds of \$22,824,661.55, and may close on further subscriptions prior to completion of the Business Combination;

“**Finder**” means First Republic Capital Corporation;

“**Governing Documents**” means, in respect of each Party, as applicable, its certificate, its articles of incorporation, as amended, and its by-laws, as amended;

“**Government Authority**” means any foreign, national, provincial, local or state government, any political subdivision or any governmental, judicial, public or statutory instrumentality, court, tribunal, agency (including

those pertaining to health, safety or the environment), authority, body or entity, or other regulatory bureau, authority, body or entity having legal jurisdiction over the activity or Person in question and, for greater certainty, includes the CSE;

“**IFRS**” means International Financial Reporting Standards applicable as at the relevant date;

“**in writing**” means written information including documents, files, software, records and books made available, delivered or produced to one Party by or on behalf of the other Party;

“**Laws**” means all laws, statutes, codes, ordinances, decrees, rules, regulations, by laws, statutory rules, principles of law, published policies and guidelines, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, including general principles of common and civil law, and terms and conditions of any grant of approval, permission, authority or licence of any Government Authority, statutory body or self-regulatory authority, and the term “applicable” with respect to such Laws and in the context that refers to one or more Persons, means that such Laws apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Government Authority (or any other Person) having jurisdiction over the aforesaid Person or Persons or its or their business, undertaking, property or securities;

“**Letter of Transmittal**” means a letter of transmittal to be sent to holders of WCE Post-Split Shares for use in connection with the Business Combination and in order to receive the CBD Post-Split Shares to which they are entitled after giving effect to the Amalgamation;

“**Listing Statement**” means a listing statement of CBD to be prepared jointly by CBD and World Class in respect of the proposed listing of the CBD Shares in accordance with Policy 2 of the CSE;

“**Material Adverse Change**” means any change in the financial condition, operations, assets, liabilities, or business of a Party and its Subsidiaries, considered as a whole, which is materially adverse to the business of such Party and its Subsidiaries, considered as a whole, other than a change: (a) which arises out of or in connection with a matter that has been publicly disclosed or otherwise disclosed in writing by such Party to the other Party prior to the date of this Agreement; (b) resulting from conditions affecting the medical marijuana industry as a whole; or (c) resulting from general economic, financial, currency exchange, securities or commodity market conditions in Canada, the United States or elsewhere;

“**Material Adverse Effect**” means any event, change or effect that is or would reasonably be expected to be materially adverse to the financial condition, operations, assets, liabilities, or business of a Party and its Subsidiaries, considered as a whole, provided, however, that a Material Adverse Effect shall not include an adverse effect resulting from a change: (a) which arises out of or in connection with a matter that has been publicly disclosed or otherwise disclosed in writing by such Party to the other Party prior to the date of this Agreement; (b) resulting from conditions affecting the medical marijuana industry as a whole; or (c) resulting from general economic, financial, currency exchange, securities or commodity market conditions in Canada, the United States or elsewhere;

“**material fact**” has the meaning ascribed thereto in the *Securities Act* (Ontario) as the same has been and may hereafter from time to time be modified;

“**OBCA**” means the *Business Corporations Act* (Ontario) as the same has been and may hereafter from time to time be amended;

“**Party**” means each of CBD and World Class individually, and collectively, the “**Parties**”;

“**Person**” includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Government Authority, syndicate or other entity, whether or not having legal status;

**“Personnel Obligations”** means any obligations or liabilities of a Party or any of its Subsidiaries to pay any amount to its or their officers, directors, employees and consultants, other than for salary, bonuses under its or their existing bonus arrangements and directors’ fees in the ordinary course, in each case in amounts consistent with historic practices and obligations or liabilities in respect of insurance or indemnification contemplated by this Agreement or arising in the ordinary and usual course of business and, without limiting the generality of the foregoing, Personnel Obligations shall include the obligations of such Party or any of its Subsidiaries to directors, officers, employees and consultants: (a) for payments on or in connection with any change in control of such Party pursuant to any change in control agreements, policies or arrangements, including the payments specified herein; and (b) for any special incentive bonus payments and commitments;

**“Regulatory Approval”** means any approval, consent, waiver, permit, order or exemption from any Government Authority having jurisdiction or authority over any Party or the Subsidiary of any Party which is required or advisable to be obtained in order to permit the Business Combination to be effected and **“Regulatory Approvals”** means all such approvals, consents, waivers, permits, orders or exemptions;

**“Reporting Jurisdictions”** has the meaning ascribed thereto in section 3.2(f) hereof;

**“Securities Authorities”** means the applicable securities commissions or similar securities regulatory authorities in each of the Reporting Jurisdictions, and the CSE;

**“SEDAR”** means the System for Electronic Document Analysis and Retrieval available at [www.sedar.com](http://www.sedar.com);

**“Subco”** means CBD Acquisition Corp., a corporation incorporated under the laws of the Province of Ontario as a wholly-owned Subsidiary of CBD for the sole purpose of effecting the Amalgamation;

**“Subco Shares”** means the common shares in the capital of Subco;

**“Subscription Receipts”** means the Subscription Receipts issued by World Class pursuant to the Financing, each Subscription Receipt automatically converting into one WCE Post-Split Share on satisfaction of the conditions set forth in the agreement governing the Subscription Receipts;

**“Subsidiary”** has the meaning ascribed thereto in the OBCA;

**“Taxes”** has the meaning ascribed thereto in section 3.1(r) hereof;

**“WCE Financing Compensation Warrants”** means the compensation warrants issued to the Finder pursuant to the Financing and entitling the Finder to purchase 9% of the WCE Post-Split Shares underlying the Subscription Receipts at a price of \$0.13 per share for a period of 42 months following the date on which the CBD Shares are listed and posted for trading on the CSE;

**“WCE Prior Compensation Warrants”** means the 2,114,550 warrants issued the Finder pursuant to certain prior private placements of World Class and entitling the Finder to purchase 2,114,550 WCE Shares at a price of \$0.10 per WCE Share for a period of 24 months following the closing date thereof;

**“WCE Convertible Securities”** means, collectively, the WCE Financing Compensation Warrants and WCE Prior Compensation Warrants;

**“WCE Finder Shares”** means the 10,000,000 WCE Shares to be issued to certain finders prior to or contemporaneously with the Business Combination;

**“WCE Options”** means the stock options of World Class entitling the holders to purchase WCE Shares;



“**WCE Share Split**” means, conditional on and effective upon the closing of the Business Combination, a split of the issued and outstanding WCE Shares on the basis of one (1) WCE Pre-Split Share for each 1.5 WCE Post-Split Shares;

“**WCE Post-Split Share**” means the issued and outstanding common shares in the capital of World Class, as constituted following the WCE Share Split;

“**WCE Shares**” means the issued and outstanding common shares in the capital of World Class, as constituted prior to the WCE Share Split;

“**World Class**” means World Class Extractions Inc.;

“**World Class Financial Statements**” has the meaning ascribed thereto in section 3.1(k) hereof;

“**World Class Meeting**” means a special meeting of the World Class Shareholders to be held in order to seek shareholder approval for the Amalgamation and the WCE Share Split; and

“**World Class Shareholder**” means a registered holder of WCE Shares, from time to time, and “**World Class Shareholders**” means all such holders;

## **1.2 Singular, Plural, etc.**

Words importing the singular number include the plural and vice versa and words importing gender include the masculine, feminine and neuter genders.

## **1.3 Deemed Currency**

In the absence of a specific designation of any currency any undesignated dollar amount herein shall be deemed to refer to Canadian dollars.

## **1.4 Headings, etc.**

The division of this Agreement into Articles and Sections, the provision of a table of contents hereto and the insertion of the recitals and headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement and, unless otherwise stated, all references in this Agreement to Articles and Sections refer to Articles and Sections of and to this Agreement in which such reference is made.

## **1.5 Date for any Action**

In the event that any date on which any action is required to be taken hereunder by any of the Parties hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

## **1.6 Governing Law**

This Agreement shall be governed by and interpreted in accordance with the Laws of the Province of Ontario and the Laws of Canada applicable therein. Each Party hereby irrevocably attorns to the jurisdiction of the Courts of the Province of Ontario sitting in and for the judicial district of Toronto in respect of all matters arising under or in relation to this Agreement.

## **1.7 Attornment**

The Parties hereby irrevocably and unconditionally consent to and attorn to the courts of the Province of Ontario for any actions, suits or proceedings arising out of or relating to this Agreement or the matters

contemplated hereby (and agree not to commence any action, suit or proceeding relating thereto except in such courts) and further agree that service of any process, summons, notice or document by single registered mail to the addresses of the Parties set forth in this Agreement shall be effective service of process for any action, suit or proceeding brought against either Party in such court. The Parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the courts of the Province of Ontario and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding so brought has been brought in an inconvenient forum.

## **ARTICLE 2 THE BUSINESS COMBINATION**

### **2.1 Business Combination Steps**

World Class and CBD agree to effect the combination of their respective businesses and assets by way of the Business Combination. Each Party hereby agrees that as soon as reasonably practicable after the date hereof or at such other time as is specifically indicated below in this section 2.1, and subject to the terms and conditions of this Agreement, it shall take the following steps indicated for it:

- (a) World Class shall:
  - (i) duly convene the World Class Meeting at which the World Class Shareholders will be asked to approve the Amalgamation and WCE Share Split (or in the alternative, obtain approval for the Amalgamation and WCE Share Split by consent resolution of the World Class Shareholders); and
  - (ii) use all commercially reasonable efforts to obtain the approval of the World Class Shareholders for the Amalgamation and WCE Share Split;
- (b) CBD shall:
  - (i) prior to the Effective Date, seek approval of the CBD Shareholders for the Amalgamation by consent if required pursuant to the policies of the CSE; and
  - (ii) use all commercially reasonable efforts to obtain the approval of the CBD Shareholders for the Amalgamation;
- (c) CBD shall effect the CBD Share Split by filing notice of articles under the BCBCA and the holders of the CBD Shares shall receive three (3) CBD Post-Split Shares for each one (1) CBD Share;
- (d) World Class shall effect the WCE Share Split by filing articles of amendment under the OBCA and the holders of the WCE Shares shall receive 1.5 WCE Post-Split Shares for each one (1) WCE Share;
- (e) World Class and Subco shall amalgamate by way of statutory amalgamation under Section 174 of the OBCA on the terms and subject to the conditions contained in the Documents, and World Class and CBD further agree that the Effective Date shall occur within five (5) Business Days following the satisfaction or waiver of the conditions herein contained in favour of each Party or such other date as may be mutually agreed upon;
- (f) the Parties shall cause the Articles of Amalgamation to be filed to effect the Amalgamation, pursuant to which:

- (i) World Class and Subco will amalgamate under the provisions of the OBCA and continue as one amalgamated corporation, being Amalco;
  - (ii) subject to section 2.1(g), holders of outstanding WCE Post-Split Shares (including WCE Post-Split Shares issuable on conversion of the Subscription Receipts) shall receive one (1) CBD Post-Split Share for each one (1) WCE Post-Split Share held;
  - (iii) CBD Compensation Warrants shall be issued to the holders of the WCE Financing Compensation Warrants and WCE Prior Compensation Warrants, in exchange and replacement for, respectively and on an equivalent basis, such WCE Financing Compensation Warrants and WCE Prior Compensation Warrants;
  - (iv) CBD Options shall be issued to the holders of the WCE Options in exchange and replacement for, and on an equivalent basis with, such WCE Options;
  - (v) each outstanding Subco Share will be exchanged for Amalco Shares on the basis of one (1) Amalco Share for each one (1) Subco share;
  - (vi) as consideration for the issuance of the CBD Post-Split Shares to the holders of WCE Post-Split Shares to effect the Amalgamation, Amalco will issue to CBD one (1) fully paid Amalco Share for each one (1) CBD Post-Split Share so issued;
  - (vii) all of the property and assets of each of World Class and Subco will be the property and assets of Amalco and Amalco will be liable for all of the liabilities and obligations of each of World Class and Subco; and
  - (viii) Amalco will be a wholly-owned Subsidiary of CBD;
- (g) in accordance with section 8.5, WCE Shares which are held by a Dissenting Shareholder shall not be converted as prescribed by section 2.1(f)(ii). However, if a Dissenting Shareholder fails to perfect or effectively withdraws its claim under Section 185 of the OBCA or forfeits its right to make a claim under Section 185 of the OBCA or if its rights as a World Class Shareholder are otherwise reinstated, such Dissenting Shareholder's Dissenting WCE Shares shall thereupon be deemed to have been converted as of the Effective Date as prescribed by section 2.1(f)(ii);
- (h) immediately following the filing of the Articles of Amalgamation to effect the Amalgamation, CBD will: (i) reconstitute its board of directors to give effect to the CBD Director Appointments, and (ii) file a notice of alteration to give effect to the CBD Name Change;
- (i) as soon as practicable after the Effective Date, in accordance with normal commercial practice and section 2.2(f), CBD shall issue or cause to be issued certificates, DRS Statements or electronic positions within CDS representing the appropriate number of the CBD Post-Split Shares to the former World Class Shareholders. No fractional CBD Post-Split Shares will be delivered to any World Class Shareholder otherwise entitled thereto and instead the number of CBD Post-Split Shares to be issued to each former World Class Shareholder will be rounded down to the nearest whole number;
- (j) the Parties acknowledge that the CSE may require some of the CBD Post-Split Shares issued pursuant to the Business Combination to be held in escrow and World Class and CBD, as applicable, agree to comply and use its reasonable efforts to cause its shareholders to comply with all such escrow requirements of the CSE including the execution and delivery of the CSE Escrow Agreement; and

- (k) the Parties shall take any other action and do anything, including the execution of any other agreements, documents or instruments, that is necessary or useful to give effect to the Business Combination.

## 2.2 Implementation Covenants

- (a) **Listing Statement.** World Class and CBD shall use commercially reasonable efforts to jointly prepare the Listing Statement together with any other documents required by applicable Laws in connection with the proposed listing of the CBD Post-Split Shares and shall jointly file the final Listing Statement required by applicable Laws as soon as reasonably practicable and shall use all commercially reasonable efforts to file the final Listing Statement no later than seven (7) Business Days prior to the Completion Deadline.
- (b) **Preparation of World Class Meeting Documentation.** World Class shall duly prepare documentation required in connection with the World Class Meeting, and deliver such documentation to World Class Shareholders in accordance with the provisions of applicable Laws.
- (c) **Listing.** CBD shall use all commercially reasonable efforts to have all of the CBD Post-Split Shares, including those issuable upon exercise of the CBD Convertible Securities, accepted for listing by the CSE.
- (d) **Preparation of Filings.** World Class and CBD shall cooperate in the preparation of any documents and taking of all actions reasonably deemed by World Class or CBD to be necessary to discharge their respective obligations under applicable Laws in connection with the Business Combination and all other matters contemplated in the Documents, and in connection therewith:
  - (i) each of World Class and CBD shall furnish to the other all such information concerning it and its shareholders as may be required to effect the actions described in this Article 2, and each covenants that no information furnished by it in connection with such actions or otherwise in connection with the consummation of the Business Combination will contain any untrue statement of a material fact or omit to state a material fact required to be stated in any such document or necessary in order to make any information so furnished for use in any such document not misleading in the light of the circumstances in which it is furnished or to be used;
  - (ii) World Class and CBD shall each promptly notify the other if at any time before the Effective Date it becomes aware that the Listing Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Listing Statement. In any such event, World Class and CBD shall cooperate in the preparation of a supplement or amendment to the Listing Statement, as required and as the case may be, and, if required, shall cause the same to be filed with the applicable Securities Authorities; and
  - (iii) each of World Class and CBD shall ensure that the Listing Statement complies with all applicable Laws and, without limiting the generality of the foregoing, that the Listing Statement does not contain any untrue statement of a material fact or omit to state a material fact with respect to itself required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made.
- (e) **Amalgamation Agreement, etc.** The Parties hereby acknowledge that the Amalgamation Agreement shall be substantially in the form attached as Schedule “A” to this Agreement. World

Class shall cause Subco, subject to the terms and conditions of this Agreement and subject to and following the satisfaction or waiver of the conditions herein contained in favour of each Party, deliver to World Class the duly executed Articles of Amalgamation and related documents which will be filed by World Class with the Director.

(f) **CBD Post-Split Shares and Procedures.**

- (i) On the Effective Date: (i) the World Class Shareholders (other than Dissenting Shareholders who are ultimately entitled to be paid fair value for their Dissenting WCE Shares) shall be deemed to be the registered holders of the CBD Post-Split Shares to which they are entitled hereunder; (ii) CBD shall deposit such CBD Post-Split Shares with the Depository and/or the electronic positions representing such CBD Post-Split Shares with CDS, as applicable, to satisfy the consideration issuable to such World Class Shareholders; and (iii) certificates formerly representing WCE Shares which are held by such World Class Shareholders shall cease to represent any claim upon or interest in World Class other than the right of the registered holder to receive the number of CBD Post-Split Shares to which it is entitled hereunder, all in accordance with the provisions of the Amalgamation Agreement.
- (ii) As soon as reasonably practicable after the Effective Date, the Depository will forward to, or hold for pick-up by, each former World Class Shareholder that submitted a duly completed Letter of Transmittal or DRS Statements or other evidence of entitlement to the Depository, together with the certificate (if any) representing the WCE Shares held by such World Class Shareholder or such other evidence of ownership of such WCE Shares as is satisfactory to the Depository, acting reasonably, (i) the certificates or DRS Statements representing the CBD Post-Split Shares to which such World Class Shareholder is entitled, in accordance with its Letter of Transmittal, or (ii) confirmation of a non-certificated electronic position transfer in CDS representing the CBD Post-Split Shares to which such World Class Shareholder is entitled, in accordance with its Letter of Transmittal, all in accordance with the provisions of the Amalgamation Agreement.
- (iii) CBD, as the registered holder of the Subco Shares, shall be deemed to be the registered holder of the Amalco Shares to which it is entitled hereunder and CBD shall be entitled to receive a share certificate representing the number of Amalco Shares to which it is entitled hereunder. Until delivery of such certificate, the share certificate or certificates representing the Subco Shares held by CBD will be evidence of CBD's right to be registered as a shareholder of Amalco. Share certificates evidencing Subco Shares shall cease to represent any claim upon or interest in Subco other than the right of the registered holder to receive the number of Amalco Shares to which it is entitled pursuant to the terms hereof and the Amalgamation.

**2.3 Board of Directors and Senior Officers**

Each of the Parties hereby agrees that upon completion of the Business Combination and after giving effect to the CBD Director Appointments, and subject to approval by the CSE, the board of directors and senior officers of CBD shall consist of the following:

Name	Title
Michael McCombie	Chief Executive Officer
Donal Carroll	Chief Financial Officer & Director
Jon Bridgman	Director
Gary F. Zak	Director
Dr. K. Sethu Raman	Director

**ARTICLE 3**  
**REPRESENTATIONS AND WARRANTIES**

**3.1 Representations and Warranties of World Class**

World Class hereby represents and warrants to CBD, and acknowledges that CBD is relying upon such representations and warranties in connection with the entering into of this Agreement, as follows:

- (a) World Class has been duly incorporated and is validly existing under the laws of the Province of Ontario and is current and up-to-date with all filings required to be made by it in such jurisdiction;
- (b) World Class has full corporate power, capacity and authority to undertake all steps of the Business Combination contemplated in the Documents and to carry out its obligations under this Agreement;
- (c) the authorized capital of World Class consists of an unlimited number of WCE Shares, of which, at the date hereof, there are 153,545,000 WCE Shares issued and outstanding;
- (d) World Class is not a party to and has not granted any agreement, warrant, option or right or privilege capable of becoming an agreement, for the purchase, subscription or issuance of any WCE Shares or securities convertible into or exchangeable for WCE Shares, other than: (i) under the terms of the WCE Convertible Securities; (ii) under the terms of 4,000,000 WCE Options ; (iii) the WCE Finder Shares; and (iv) on conversion of the Subscription Receipts;
- (e) World Class is not a reporting issuer nor an associate of any reporting issuer (as defined in the *Securities Act* (Ontario) or the *Securities Act* of any other province or territory of Canada) and the WCE Shares do not trade on any exchange;
- (f) World Class has all requisite corporate capacity, power and authority, and possesses all material certificates, authority, permits and licences issued by the appropriate state, provincial, municipal or federal regulatory agencies or bodies necessary to conduct the business as now conducted by World Class, and to own its assets, and is in compliance in all material respects with such certificates, authorities, permits or licences. World Class has not received any notice of proceedings relating to the revocation or modification of any such certificate, authority, permit or licence which, singly or in the aggregate, if the subject of an unfavourable decision, order, finding or ruling, would materially and adversely affect the conduct of the business, operations, financial condition, income or future prospects of World Class;
- (g) World Class is the absolute legal and beneficial owner of, and has good and marketable title to, all of the material property or assets thereof free of all mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands whatsoever, other than those reflected or reserved against it in the World Class Financial Statements;
- (h) each of the Documents has been or at the Effective Time will be, duly authorized, executed and delivered by World Class and constitutes a valid and binding obligation of World Class enforceable in accordance with its terms (subject to such limitations and prohibitions as may exist or may be enacted in applicable laws relating to bankruptcy, insolvency, liquidation, moratorium, reorganization, arrangement or winding-up and other laws, rules and regulations of general application affecting the rights, powers, privileges, remedies and/or interests of creditors generally) and no other corporate proceeding on the part of World Class, other than the approval

of the Amalgamation and WCE Share Split by the World Class Shareholders, is necessary to authorize this Agreement and the transactions contemplated hereby;

- (i) the entering into and the performance by World Class of the Business Combination contemplated in the Documents: (a) do not require any consent, approval, authorization or order of any court or governmental agency, body or Governmental Authority, except that which may be required under applicable corporate and securities legislation and the policies of the CSE; (b) will not contravene any statute or regulation of any Governmental Authority which is binding on World Class where such contravention would have a Material Adverse Effect; and (c) will not result in the breach of, or be in conflict with, or constitute a default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a default under any term or provision of the constating documents, by-laws or resolutions of World Class or any mortgage, note, indenture, contract or agreement, instrument, lease or other document to which World Class is a party, or any judgment, decree or order or any term or provision thereof, which breach, conflict or default would have a Material Adverse Effect;
- (j) except as disclosed to CBD in writing, there are no legal, regulatory, governmental or similar proceedings pending or, to the knowledge of World Class, contemplated or threatened, to which World Class is a party or to which the property of World Class is subject;
- (k) the audited consolidated financial statements of World Class as at and for the period from incorporation to December 31, 2018 (the “**World Class Financial Statements**”) have been prepared in accordance with IFRS, present fairly, in all material respects, the financial position of World Class as at such dates, and do not omit to state any material fact that is required by applicable Laws to be stated or reflected therein or which is necessary to make the statements contained therein not misleading;
- (l) except as disclosed in the World Class Financial Statements, there are no plans for retirement, bonus, stock purchase, profit sharing, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation incentive or otherwise contributed to or required to be contributed to, by World Class for the benefit of any current or former director, officer, employee or consultant of World Class;
- (m) World Class maintains insurance against loss or damage in respect of its assets, business and operations, with responsible insurers on a basis consistent with insurance obtained by reasonably prudent participants in comparable businesses;
- (n) except as disclosed to CBD in writing, World Class is not aware of any legislation, or proposed legislation published by a legislative body, which it anticipates will materially and adversely affect the business, affairs, operations, assets, liabilities (contingent or otherwise) or prospects of World Class;
- (o) other than as disclosed in the World Class Financial Statements, World Class is not a party to or bound or affected by any commitments, agreement or document containing any covenant which expressly limits the freedom of World Class to compete in any line of business or with any person, or to transfer or move any of its assets or operations;
- (p) World Class owns and possesses adequate enforceable rights to use all trademarks, patents, copyrights and trade secrets used or proposed to be used in the conduct of the business thereof and, to the best of World Class’s knowledge, after due inquiry, World Class is not infringing upon the rights of any other person with respect to any such trademarks, patents, copyrights or trade secrets and no person has infringed any such trademark, patents, copyrights or trade secrets;

- (q) there are no material liabilities of World Class, whether direct, indirect, absolute, contingent or otherwise which are not disclosed or reflected in the World Class Financial Statements except for those incurred in the ordinary course of business as of the date hereof;
- (r) all taxes (including income taxes, capital tax, payroll taxes, employer health taxes, workers' compensation payments, property taxes, sales, use, goods and services taxes, value-added taxes, custom and land transfer taxes), duties, royalties, levies, imposts, assessments, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto (collectively, "Taxes") due and payable by World Class have been paid or provision made therefor in the World Class Financial Statements except where the failure to pay such Taxes would not result in a Material Adverse Effect for World Class. All tax returns, declarations, remittances and filings required to be filed by World Class have been filed with all appropriate governmental authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading. To the knowledge of World Class, no examination of any tax return of World Class is currently in progress and there are no issues or disputes outstanding with any governmental authority respecting any Taxes that have been paid, or may be payable, by World Class. There are no agreements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to World Class;
- (s) except for the Finder and the parties entitled to the WCE Finder Shares, there is no person, firm or company acting or purporting to act at the request of World Class who is or will be entitled to any brokerage or finder's fee in connection with the transactions contemplated herein;
- (t) World Class has conducted and is conducting its business in compliance in all material respects with all applicable Laws of each jurisdiction in which it carries on business and with all Laws material to its operation, and World Class has not received any notice of the revocation or cancellation of, or any intention to revoke or cancel, any of the licences, leases or other instruments conferring rights to World Class for the conduct of its business;
- (u) to the knowledge of World Class, after due inquiry, all activities of World Class have been, up to and including the date hereof, conducted in compliance, in all material respects, with any and all applicable Laws, including, without limitation, Environmental Laws as defined below;
- (v) to the knowledge of World Class, any and all material agreements pursuant to which World Class holds any of its material assets are valid and subsisting agreements in full force and effect, enforceable in accordance with their respective terms, World Class is not in default of any of the material provisions of any such agreements including, without limitation, failure to fulfil any payment or work obligation thereunder nor has any such default been alleged, World Class is not aware of any material disputes with respect thereto and such assets are in good standing under the applicable statutes and regulations of the jurisdictions in which they are situated, all leases, licences and concessions pursuant to which World Class derives its interests in such material assets are in good standing and there has been no material default under any such leases, licences and concessions and all real or other property taxes required to be paid with respect to such assets to the date hereof have been paid;
- (w) to the knowledge of World Class, after due inquiry, all the properties in which World Class has any freehold, leasehold, licence or other interest are free and clear of any hazardous or toxic material, pollution, or other adverse environmental conditions which may give rise to any and all claims, actions, causes of action, damages, losses, liabilities, obligations, penalties, judgments, amounts paid in settlement, assessments, costs, disbursement or expenses (including, without limitation, attorneys' fees and costs, experts' fees and costs, and consultant's fees and costs) of any kind or of any nature whatsoever that are asserted against World Class, alleging liability (including, without limitation, liability for studies, testing or investigatory costs, cleanup costs,



response costs, removal costs, remediation costs, contaminant costs, restoration costs, corrective action costs, closure costs, reclamation costs, natural resource damages, property damages, business losses, personal injuries, penalties or fines) arising out of, based on or resulting from (i) the presence, release, threatened release, discharge or emission into the environment of any hazardous materials or substances existing or arising on, beneath or above properties and/or emanating or migrating and/or threatening to emanate or migrate from such properties to off-site properties; (ii) physical disturbance of the environment; and (iii) the violation or alleged violation of all applicable Laws aimed at reclamation or restoration of such properties; abatement of pollution; protection of the environment, protection of wildlife, including endangered species; ensuring public safety from environmental hazards; protection of cultural and historic resources; management, storage or control of hazardous materials and substances; releases or threatened releases of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances as wastes into the environment, including without limitation, ambient air, surface water and groundwater; and all other applicable Laws relating to the manufacturing, processing, distribution, use, treatment, storage, disposal, handling or transport of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes (collectively, “**Environmental Laws**”); and to the knowledge of World Class, after due inquiry, all environmental approvals required pursuant to Environmental Laws with respect to activities carried out on any part of the lands covered by such properties, have been obtained, are valid and in full force and effect and have been complied with; and there are no proceedings commenced or threatened to revoke or amend any such environmental approvals;

- (x) except as disclosed in the World Class Financial Statements, World Class does not have any loan or other indebtedness outstanding which has been made to any of its shareholders, officers, directors or employees, past or present, or any person not dealing at “arm’s length” (as such term is defined in the *Income Tax Act* (Canada)) and has not engaged in any transaction with any person not dealing at arm’s length;
- (y) to the knowledge of World Class, there are no outstanding labour disputes (whether filed or lodged with World Class or any other person or organization), pending labour disruptions or pending unionization with respect to World Class;
- (z) World Class is not bound by or a party to any collective bargaining agreement;
- (aa) there is not, in the constating documents or in any agreement, mortgage, note, debenture, indenture or other instrument or document to which World Class is a party, any restriction upon or impediment to the declaration or payment of dividends by the directors of World Class or the payment of dividends by World Class to the holders of its securities;
- (bb) except as disclosed in the World Class Financial Statements, World Class is not party to any loan, bond, debenture, promissory note or other instrument evidencing indebtedness (demand or otherwise) for borrowed money (“**Debt Instrument**”) or any agreement contract or commitment to create, assume or issue any Debt Instrument;
- (cc) World Class is not a party to any agreement, and World Class is not aware of any agreement, which in any manner affects the voting control of any of the WCE Shares or other securities of World Class;
- (dd) no representation, warranty or statement of World Class in the Documents contains or will contain at the Effective Time any untrue statement of a material fact or omits or will omit to state any material fact necessary to make the statements contained herein or therein, in light of the circumstances under which made, not misleading;

- (ee) the corporate records and minute books of World Class contain, in all material respects, complete and accurate minutes of all meetings of the directors and shareholders since their respective dates of incorporation, together with the full text of all resolutions of directors and shareholders passed in lieu of such meetings, duly signed; and
- (ff) except as disclosed to CBD in writing and as will be disclosed in the Listing Statement, World Class has not entered into any material contracts as of the date hereof.

### 3.2 Representations and Warranties of CBD

CBD hereby represents and warrants to World Class, and acknowledges that World Class is relying upon these representations and warranties in connection with the entering into of this Agreement, as follows:

- (a) CBD has been duly incorporated and is validly existing under the laws of the Province of British Columbia and is current and up-to-date with all filings required to be made by it in such jurisdiction;
- (b) CBD has full corporate power, capacity and authority to undertake all steps of the Business Combination contemplated in the Documents and to carry out its obligations under this Agreement;
- (c) the authorized capital of CBD consists of an unlimited number of CBD Shares of which 9,671,525 CBD Shares are currently issued and outstanding. CBD has no other securities outstanding nor is it a party to or has granted any agreement, warrant, option or right or privilege capable of becoming an agreement, for the purchase, subscription or issuance of any CBD Shares or securities convertible into or exchangeable for CBD Shares;
- (d) on the Effective Date, the CBD Post-Split Shares issued pursuant to the Amalgamation will be duly and validly issued and outstanding as fully paid and non-assessable and the CBD Convertible Securities issued pursuant to the Amalgamation will be duly and validly created and issued;
- (e) since August 31, 2017, CBD has not entered into any contract in respect of its business or assets, other than in the ordinary course of business, and has continued to carry on its business and maintain its assets in the ordinary course of business, with the exception of reasonable costs incurred in connection with the Business Combination, and without limitation but subject to the above exceptions, has maintained payables and other liabilities at levels consistent with past practice, not engaged or committed to engage in any extraordinary material transactions and has not made or committed to make distributions, dividends or special bonuses;
- (f) CBD is a reporting issuer, or the equivalent thereof, in the provinces of British Columbia and Alberta (collectively, the “**Reporting Jurisdictions**”) and is not currently in default of any requirement of the applicable laws of each of the Reporting Jurisdictions and other regulatory instruments of the Securities Authorities in such provinces, and no order ceasing, halting or suspending trading in securities of CBD or prohibiting the distribution of such securities has been issued to and is outstanding against CBD and no investigations or proceedings for such purposes are, to the knowledge of CBD, pending or threatened;
- (g) CBD is in compliance in all material respects with all its disclosure obligations under applicable Laws and all documents filed by CBD pursuant to such obligations are in compliance in all material respects with applicable Laws and, other than in respect of documents that have been amended or refiled did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

- (h) CBD has no associates (as defined in the *Securities Act* (Ontario) and is not a partner, cotenant, joint venturer or otherwise a participant in any partnership, joint venture, co-tenancy or other similarly joint owned business;
- (i) CBD has all requisite corporate capacity, power and authority, and possesses all material certificates, authority, permits and licences issued by the appropriate state, provincial, municipal or federal regulatory agencies or bodies necessary to conduct the business as now conducted by it and to own its assets and is in compliance in all material respects with such certificates, authorities, permits or licences. CBD has not received any notice of proceedings relating to the revocation or modification of any such certificate, authority, permit or licence which, singly or in the aggregate, if the subject of an unfavourable decision, order, finding or ruling, would materially and adversely affect the conduct of the business, operations, financial condition, income or future prospects of CBD;
- (j) each of the Documents has been, or at the Effective Time will be, duly authorized, executed and delivered by CBD and constitutes a valid and binding obligation of CBD enforceable in accordance with its terms (subject to such limitations and prohibitions as may exist or may be enacted in applicable laws relating to bankruptcy, insolvency, liquidation, moratorium, reorganization, arrangement or winding-up and other laws, rules and regulations of general application affecting the rights, powers, privileges, remedies and/or interests of creditors generally) and no other corporate proceeding on the part of CBD is necessary to authorize this Agreement and the transactions contemplated hereby;
- (k) the entering into and the performance by CBD and Subco of the transactions contemplated in the Documents:
  - (i) do not require any consent, approval, authorization or order of any court or governmental agency or body, except that which may be required under applicable corporate and securities legislation and the policies of the CSE;
  - (ii) will not contravene any statute or regulation of any governmental authority which is binding on CBD or Subco where such contravention would have a Material Adverse Effect; and
  - (iii) will not result in the breach of, or be in conflict with, or constitute a default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a default under any term or provision of the constating documents, by-laws or resolutions of CBD or Subco or any mortgage, note, indenture, contract or agreement, instrument, lease or other document to which CBD or Subco is or will be a party, or any judgment, decree or order or any term or provision thereof, which breach, conflict or default would have a Material Adverse Effect;
- (l) there are no legal or governmental proceedings pending or, to the knowledge of CBD, contemplated or threatened, to which CBD is a party or to which the property of CBD is subject;
- (m) the audited annual financial statements of CBD for the years ended December 31, 2017 and 2016 and the notes thereto and the unaudited interim financial statements of CBD for the period ended September 30, 2018 and the notes thereto (collectively, the “**CBD Financial Statements**”), in each case, have been prepared in accordance with IFRS, present fairly, in all material respects, the financial position of CBD as at such date, and do not omit to state any material fact that is required by IFRS or by applicable law to be stated or reflected therein or which is necessary to make the statements contained therein not misleading;

- (n) CBD has no outstanding material liability, whether direct, indirect, absolute or contingent or otherwise, which is not reflected in the CBD Financial Statements;
- (o) CBD has not entered into any material contract as of the date hereof;
- (p) except for the related party transactions disclosed in the CBD Financial Statements, CBD has not engaged in any transaction with any non-arm's length person;
- (q) all Taxes due and payable by CBD have been paid or provision made therefor in the CBD Financial Statements except for where the failure to pay such Taxes would not result in a Material Adverse Effect for CBD. All tax returns, declarations, remittances and filings required to be filed by CBD have been filed with all appropriate governmental authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading. To the knowledge of CBD, no examination of any tax return of CBD is currently in progress and there are no issues or disputes outstanding with any governmental authority respecting any Taxes that have been paid, or may be payable, by CBD. There are no agreements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to CBD;
- (r) except for the Finder, there is no person, firm or company acting or purporting to act at the request of CBD who is entitled to any brokerage or finder's fee in connection with the transactions contemplated in the Documents;
- (s) CBD has conducted and is conducting its business in compliance in all material respects with all applicable Laws of each jurisdiction in which it carries on business and with all Laws material to its operation and CBD has not received any notice of the revocation or cancellation of, or any intention to revoke or cancel, any concessions, licences, leases or other instruments conferring rights to CBD;
- (t) to the knowledge of CBD, after due inquiry all activities of CBD have been, up to and including the date hereof, conducted in compliance, in all material respects, with any and all applicable Laws;
- (u) CBD is not bound by or a party to any employment contracts. No current or former director, officer, shareholder, employee or independent contractor of CBD or any person not dealing at arm's length within the meaning of the *Income Tax Act* (Canada) with any such person is indebted to CBD;
- (v) since the date of its incorporation, CBD has not, directly or indirectly, declared or paid any dividend or declared or made any other distribution on CBD Shares or securities of any class, or, directly or indirectly, redeemed, purchased or otherwise acquired any CBD Shares or securities or agreed to do any of the foregoing;
- (w) there is not, in the constating documents or in any agreement, mortgage, note, debenture, indenture or other instrument or document to which CBD is a party any restriction upon or impediment to, the declaration or payment of dividends by the directors of CBD or the payment of dividends by CBD to the holders of its securities;
- (x) CBD is not a party to any Debt Instrument or any agreement, contract or commitment to create, assume or issue any Debt Instrument;
- (y) CBD is not a party to or bound or affected by any commitment, agreement or document containing any covenant which expressly limits the freedom of CBD to compete in any line of business, or to transfer or move any of its assets or operations or which materially or adversely affects the

business practices, operations or condition of CBD or which would prohibit or restrict CBD from entering into and completing the Business Combination;

- (z) CBD is not a party to any agreement nor is CBD aware of any agreement, which in any manner affects the voting control of any of the securities of CBD;
- (aa) CBD is not aware of any pending or contemplated change to any applicable Law or governmental position that would materially affect the business of CBD;
- (bb) the corporate records and minute books of CBD contain, in all material respects, complete and accurate minutes of all meetings of the directors and shareholders since its date of incorporation, together with the full text of all resolutions of directors and shareholders passed in lieu of such meetings, duly signed;
- (cc) no representation, warranty or statement of CBD or Subco in the Documents contains or will contain at the Effective Time any untrue statement of a material fact or omits or will omit to state any material fact necessary to make the statements contained herein or therein, in light of the circumstances under which made, not misleading; and
- (dd) CBD does not maintain any insurance.

### **3.3 Survival**

For greater certainty, the representations and warranties of each of World Class and CBD contained herein shall survive the execution and delivery of this Agreement and shall terminate and be extinguished on the earlier of the termination of this Agreement in accordance with its terms and the Effective Time.

## **ARTICLE 4 CONDUCT OF BUSINESS**

### **4.1 Conduct of Business by the Parties**

Except as required by Law or is otherwise expressly permitted or specifically contemplated by this Agreement, each of the Parties covenants and agrees that, during the period from the date of this Agreement until the earlier of either the Effective Time or the time that this Agreement is terminated by its terms, unless each of the other Parties shall otherwise agree in writing:

- (a) it shall, and shall cause its Subsidiaries to conduct business in, and not take any action except in, the usual and ordinary course of business, with the exception of reasonable costs incurred in connection with the Business Combination, and it shall and shall cause its Subsidiaries to use all commercially reasonable efforts to maintain and preserve its business organization, assets, employees and advantageous business relationships and it shall not, and shall cause its Subsidiaries to not, without the prior written consent of the other Parties, enter into any contract in respect of its business or assets, other than in the ordinary course of business, and without limitation but subject to the foregoing, shall maintain payables and other liabilities at levels consistent with past practice, shall not engage or commit to engage in any extraordinary material transactions and shall not make or commit to make distributions, dividends or special bonuses, without the prior written consent of the other Parties; and
- (b) other than as contemplated by this Agreement, it shall not directly or indirectly do or permit to occur any of the following:
  - (i) amend its Governing Documents;

- (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its shares owned by any Person other than inter-corporate loans and advances;
- (iii) issue, grant, sell or pledge or agree to issue, grant, sell or pledge any shares, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire shares other than in connection with (A) the Financing, (B) the exercise of the CBD Warrants or the WCE Convertible Securities, (C) the grant of WCE Options in the normal course under the terms of World Class's incentive stock option plan, or (D) the WCE Finder Shares;
- (iv) redeem, purchase or otherwise acquire any of its outstanding shares or other securities including, without limitation, under an issuer bid;
- (v) split, combine or reclassify any of its shares;
- (vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of itself or any of its Subsidiaries; or
- (vii) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing, except as permitted above.

## **ARTICLE 5 COVENANTS**

### **5.1 Waiver of Notice of Subco Shareholder Meeting and Resolution in Lieu of Meeting by CBD**

CBD, as sole shareholder of Subco, shall waive notice of and its attendance at a meeting of the shareholders of Subco to approve the Amalgamation and shall sign a resolution in writing of the sole shareholder of Subco approving the Amalgamation.

### **5.2 Representations and Warranties**

- (a) World Class covenants and agrees that from the date hereof until the termination of this Agreement it shall not take any action, or fail to take any action, which would or may reasonably be expected to result in the representations and warranties set out in section 3.1 being untrue in any material respect.
- (b) CBD covenants and agrees that, from the date hereof until the termination of this Agreement it shall not take any action, or fail to take any action, which would or may reasonably be expected to result in the representations and warranties set out in section 3.2 being untrue in any material respect.

### **5.3 Notice of Material Change**

- (a) From the date hereof until the termination of this Agreement, each Party shall promptly notify the other Party in writing of:
  - (i) any material change (actual, anticipated, contemplated or, to the knowledge of such Party or any of its Subsidiaries, threatened, financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of such Party and its Subsidiaries, taken as whole;

- (ii) any change in the facts relating to any representation or warranty set out in sections 3.1 or 3.2 hereof, as applicable, which change is or may be of such a nature as to render any such representation or warranty misleading or untrue in a material respect; or
  - (iii) any material fact which arises and which would have been required to be stated herein had the fact arisen on or prior to the date of this Agreement.
- (b) Each of the Parties shall in good faith discuss with the other any change in circumstances (actual, anticipated, contemplated or, to its knowledge of its or any of its Subsidiaries, threatened, financial or otherwise) which is of such a nature that there may be a reasonable question as to whether notice need to be given to the other pursuant to this section.

#### **5.4 Non-Solicitation**

None of the Parties shall solicit any offers to purchase its shares or assets and neither of CBD nor World Class will initiate or encourage any discussions or negotiations with any third party with respect to such a transaction or amalgamation, merger, take-over, plan of arrangement or similar transaction during the period commencing on the date hereof and ending on the termination of this Agreement (excluding, for greater certainty, any solicitations by World Class of offers to purchase Subscription Receipts under the Financing). The Parties shall immediately cease and cause to be terminated any existing discussions or negotiations with any third party related to any of the foregoing. In the event any of the Parties is approached in respect of any such transaction, it shall immediately notify the other.

#### **5.5 Other Covenants**

Each of the Parties covenants and agrees that it shall:

- (a) use all commercially reasonable efforts to consummate the Business Combination and all matters described in the Listing Statement, subject only to the terms and conditions hereof and thereof;
- (b) use all commercially reasonable efforts to obtain all appropriate Regulatory Approvals;
- (c) not, other than in connection with the Business Combination or as otherwise contemplated herein, split, consolidate or reclassify any of its outstanding securities, nor declare, set aside or pay any dividends on or make any other distributions on or in respect of its outstanding securities; and
- (d) not, other than in connection with the Business Combination, reorganize, amalgamate or merge with any other person, nor acquire by amalgamating, merging or consolidating with, purchasing a majority of the voting securities or substantially all of the assets of or otherwise, any business or Person which acquisition or other transaction would reasonably be expected to prevent or materially delay the Business Combination contemplated hereby.

### **ARTICLE 6 MUTUAL COVENANTS**

#### **6.1 Other Filings**

The Parties shall, as promptly as practicable hereafter, prepare and file all filings required under any securities Laws, the policies of the CSE or any other applicable Laws relating to the Business Combination contemplated hereby.

## **6.2 Additional Agreements**

Subject to the terms and conditions of this Agreement and subject to fiduciary obligations under applicable Laws, each of the Parties hereto agrees to use all commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the Business Combination contemplated by this Agreement and to cooperate with each other in connection with the foregoing, including using commercially reasonable efforts:

- (a) to obtain all necessary waivers, consents and approvals from other Parties to material agreements, leases and other contracts or agreements;
- (b) to defend all lawsuits or other legal proceedings challenging this Agreement or the consummation of the Business Combination contemplated hereby;
- (c) to cause to be lifted or rescinded any injunction or restraining order or other order adversely affecting the ability of the Parties to consummate the Business Combination contemplated hereby;
- (d) to effect all necessary registrations and other filings and submissions of information requested by the CSE;
- (e) to effect all necessary registrations and other filings and submissions of information requested by Governmental Authorities; and
- (f) to fulfill all conditions and satisfy all provisions of this Agreement.

For purposes of the foregoing, the obligation to use “commercially reasonable efforts” to obtain waivers, consents and approvals to loan agreements, leases and other contracts shall not include any obligation to agree to a materially adverse modification of the terms of such documents or to prepay or incur additional material obligations to such other Parties.

## **ARTICLE 7 CONDITIONS AND CLOSING MATTERS**

### **7.1 Mutual Conditions Precedent**

The respective obligations of the Parties hereto to complete the Business Combination contemplated by this Agreement shall be subject to the satisfaction, on or before the Effective Date, of the following conditions precedent, each of which may be waived only by the mutual consent of the Parties:

- (a) CBD, upon completion of the Business Combination, will meet the minimum original listing requirements of the CSE and the CSE shall have conditionally approved the listing of the CBD Shares on the CSE, subject to completion of the Business Combination and completion of the customary listing requirements of the CSE;
- (b) there shall not be in force any order or decree restraining or enjoining the consummation of the Business Combination;
- (c) this Agreement shall not have been terminated pursuant to Article 8;
- (d) all Regulatory Approvals and corporate approvals shall have been obtained;
- (e) each Party shall not have entered into any transaction or contract which would have a material effect on the financial and operational condition, or the assets of each Party, excluding those



transactions or contracts undertaken in the ordinary course of business, without first discussing and obtaining the approval of the other Party;

- (f) the requisite approval of the World Class Shareholders of the Amalgamation and WCE Share Split shall have been obtained; and
- (g) the requisite approval of the CBD Shareholders for the Amalgamation shall have been obtained; and
- (h) the number of WCE Shares in respect of which shareholders of World Class have dissented in connection with the resolutions authorizing the Amalgamation shall not exceed 5% of the number of issued and outstanding WCE Shares.

If any of the above conditions shall not have been complied with or waived by the Parties on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then a Party may terminate this Agreement in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by the Party terminating the Agreement. In the event that the failure to satisfy any one or more of the above conditions precedent results from a material default by a Party of its obligations under this Agreement and if such condition(s) precedent would have been satisfied but for such default, such defaulting Party shall not rely on such failure (to satisfy one or more of the above conditions) as a basis for its own non-compliance with its obligations under this Agreement.

## **7.2 Additional Conditions Precedent to the Obligations of World Class**

The obligations of World Class to complete the Business Combination contemplated by this Agreement shall also be subject to the satisfaction, on or before the Effective Date, of each of the following conditions precedent (each of which is for the exclusive benefit of World Class and may be waived by World Class and any one or more of which, if not satisfied or waived, will relieve World Class of any obligation under this Agreement):

- (a) on or prior to the Effective Date, and effective upon completion of the Amalgamation, each of the directors and officers of CBD shall have tendered their resignations and provided mutual releases in a form acceptable to World Class, and the board of directors of CBD, subject to the approval of the CSE, shall have been reconstituted, and the officers shall have been appointed, as set forth in section 2.3;
- (b) no Material Adverse Change with respect to CBD shall have occurred between the date hereof and the Effective Date;
- (c) CBD shall not have breached, or failed to comply with, in any material respect, any of its covenants or other obligations under this Agreement, and all representations and warranties of CBD contained in this Agreement shall have been true and correct in all material respects as of the date of this Agreement and shall not have ceased to be true and correct in any material respect thereafter (provided, however, that if the breaching Party has been given written notice by the other Party specifying in reasonable detail any such misrepresentation, breach or non-performance, the breaching Party shall have had three days to cure such misrepresentation, breach or non-performance), and the Chief Executive Officer of CBD or another officer satisfactory to World Class shall so certify immediately prior to the Effective Date;
- (d) on the Effective Date, CBD shall have working capital of not less than \$650,000;
- (e) the CBD board of directors, and the Subco board of directors as necessary, shall have adopted all necessary resolutions and all other necessary corporate actions shall have been taken by CBD to permit the consummation of the Business Combination and the transactions contemplated therewith; and

- (f) World Class shall have received from counsel to CBD favourable legal opinions concerning such matters with respect to the Business Combination as are customary in similar transactions and as World Class and its counsel may reasonably request.

If any of the above conditions shall not have been complied with or waived by World Class on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, subject to the cure provision provided for in section 7.2(c), World Class may terminate this Agreement in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by World Class. In the event that the failure to satisfy any one or more of the above conditions precedent results from a material default by World Class of its obligations under this Agreement and if such condition(s) precedent would have been satisfied but for such default, World Class shall not rely on such failure (to satisfy one or more of the above conditions) as a basis for its own noncompliance with its obligations under this Agreement.

### **7.3 Additional Conditions Precedent to the Obligations of CBD**

The obligations of CBD to complete the Business Combination contemplated by this Agreement shall also be subject to the satisfaction, on or before the Effective Date, of each of the following conditions precedent (each of which is for the exclusive benefit of CBD and may be waived by CBD and any one or more of which, if not satisfied or waived, will relieve CBD of any obligation under this Agreement):

- (a) no Material Adverse Change with respect to World Class shall have occurred between the date hereof and the Effective Date;
- (b) World Class shall not have breached, or failed to comply with, in any material respect, any of its covenants or other obligations under this Agreement, and all representations and warranties of World Class contained in this Agreement shall have been true and correct in all material respects as of the date of this Agreement and shall not have ceased to be true and correct in any material respect thereafter (provided, however, that if the breaching Party has been given written notice by the other Party specifying in reasonable detail any such misrepresentation, breach or non-performance, the breaching Party shall have had three days to cure such misrepresentation, breach or non-performance), and the Chief Executive Officer of World Class or another officer satisfactory to CBD shall so certify immediately prior to the Effective Date;
- (c) the board of World Class shall have adopted all necessary resolutions and all other necessary corporate actions shall have been taken by World Class to permit the consummation of the Amalgamation, the Business Combination and the transactions contemplated therewith; and
- (d) CBD shall have received from counsel to World Class favourable legal opinions concerning such matters with respect to the Business Combination as are customary in similar transactions and as CBD and its counsel may reasonably request.

If any of the above conditions shall not have been complied with or waived by CBD on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, subject to the cure provision provided for in section 7.3(b), CBD may terminate this Agreement in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by CBD or Subco. In the event that the failure to satisfy any one or more of the above conditions precedent results from a material default by CBD or Subco of its obligations under this Agreement and if such condition(s) precedent would have been satisfied but for such default, neither Party shall rely on such failure (to satisfy one or more of the above conditions) as a basis for its own noncompliance with its obligations under this Agreement.

### **7.4 Merger of Conditions**

The conditions set out in sections 7.1, 7.2 and 7.3 shall be conclusively deemed to have been satisfied, waived or released by the Parties on the filing of the Articles of Amalgamation with the Director and such other

documents as are required to be filed under the OBCA for acceptance by the Director to give effect to the Amalgamation.

## **7.5 Closing Matters**

The completion of the transactions contemplated under this Agreement shall be effected via electronic exchange or at the offices of World Class's counsel, Garfinkle Biderman LLP, at 10:00 a.m. (Toronto time) (or such other time as the Parties may agree upon) on the Effective Date.

## **ARTICLE 8 TERMINATION, AMENDMENT AND DISSENTING SHAREHOLDERS**

### **8.1 Termination**

This Agreement may be terminated by written notice promptly given to the other Party hereto, at any time prior to the Effective Date:

- (a) by mutual agreement in writing by the Parties; or
- (b) as set forth in sections 7.1, 7.2 and 7.3 of this Agreement.

### **8.2 Effect of Termination**

In the event of the termination of this Agreement as provided in section 8.1 hereof, this Agreement shall forthwith have no further force or effect and there shall be no obligation on the part of CBD or World Class hereunder except as set forth in section 8.3 hereof and this section 8.2, which provisions shall survive the termination of this Agreement. Nothing herein shall relieve any Party from liability for any breach of this Agreement.

### **8.3 Fees and Expenses**

Each of World Class and CBD shall pay its own costs and expenses (including all legal, accounting and financial advisory fees and expenses) incurred in connection with the completion of the Business Combination, including without limitation, expenses related to the preparation, execution and delivery of all agreements including, without limitation, this Agreement and other documents referenced herein.

### **8.4 Amendment**

This Agreement may, at any time on or before the Effective Date be amended by mutual agreement between the Parties hereto. This Agreement may not be amended except by an instrument in writing signed by the appropriate officers on behalf of each of the Parties.

### **8.5 Dissenting Shareholders**

On the earlier of the Effective Date, the making of an agreement between a Dissenting Shareholder and World Class for the purchase of their Dissenting WCE Shares or the pronouncement of a court order pursuant to Section 185 of the OBCA, a Dissenting Shareholder shall cease to have any rights as a World Class Shareholder other than the right to be paid the fair value of its Dissenting WCE Shares in the amount agreed to or as ordered by the court, as the case may be. In the event that a Dissenting Shareholder fails to perfect or effectively withdraws the Dissenting Shareholder's claim under Section 185 of the OBCA or otherwise forfeits the Dissenting Shareholder's right to make a claim under Section 185 of the OBCA, the Dissenting Shareholder's Dissenting WCE Shares shall thereupon be deemed to have been exchanged as of the Effective Date for CBD Post-Split Shares on the basis set forth in section 2.1 hereof.

## 8.6 Waiver

A Party may (i) extend the time for the performance of any of the obligations or other acts of the other Party, (ii) waive compliance with any of the other Party's agreements or the fulfillment of any of its conditions contained herein or (iii) waive inaccuracies in another Party's representations or warranties contained herein or in any document delivered by the other Party; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party.

## ARTICLE 9 GENERAL

### 9.1 Notices

All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or sent if delivered personally or sent by e-mail or sent by prepaid overnight courier to the Parties at the following addresses (or at such other addresses as shall be specified by the Parties by like notice):

if to World Class:

World Class Extractions Inc.  
1 Adelaide Street East, Suite 801  
Toronto, Ontario M5C 2V9

Attention: Michael McCombie, Chief Executive Officer  
E-mail: [mike@wcextractions.com](mailto:mike@wcextractions.com)

with a copy to:

Garfinkle Biderman LLP  
Dynamic Funds Tower, Suite 801  
Toronto, Ontario M5C 2V9

Attention: Barry M. Polisuk  
E-mail: [bpolisuk@garfinkle.com](mailto:bpolisuk@garfinkle.com)

if to CBD or Subco:

CBD Med Research Corp.  
1200 - 750 West Pender Street  
Vancouver, BC V6C 2T8

Attention: Gary F. Zak, Director & Chief Executive Officer  
E-mail: [gzak1@shaw.ca](mailto:gzak1@shaw.ca)

with a copy to:

Morton Law LLP  
1200 - 750 West Pender Street  
Vancouver, British Columbia V6C 2T8

Attention: Edward L. Mayerhofer  
E-mail: [elm@mortonlaw.ca](mailto:elm@mortonlaw.ca)

## **9.2 Assignment**

Except as expressly permitted by the terms hereof, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by either of the Parties hereto without the prior written consent of the other Party.

## **9.3 Complete Agreement**

This Agreement sets forth the entire understanding between the Parties hereto and supersedes all prior agreements, arrangements and communications, whether oral or written, with respect to the subject matter hereof, including but not limited to, the Letter of Intent. No other agreements, representations, warranties or other matters, whether oral or written, shall be deemed to bind the Parties hereto with respect to the subject matter hereof.

## **9.4 Further Assurances**

Each Party hereto shall, from time to time, and at all times hereafter, at the request of the other Party hereto, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.

## **9.5 Severability**

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law. Any provision of this Agreement that is invalid or unenforceable in any jurisdiction shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

## **9.6 Counterpart Execution**

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

## **9.7 Investigation by Parties**

No investigations made by or on behalf of either Party or any of their respective authorized agents at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation, warranty or covenant made by the other Party in or pursuant to this Agreement.

## **9.8 Public Announcement; Disclosure and Confidentiality**

- (a) Unless and until the transactions contemplated in this Agreement will have been completed, none of the Parties shall make any public announcement concerning this Agreement or the matters contemplated herein, their discussions or any other memoranda, letters or agreements between them relating to the matters contemplated herein without the prior consent of the other Parties, which consent shall not be unreasonably withheld, provided that no party shall be prevented from making any disclosure which is required to be made by law or any rules of a stock exchange or similar organization to which it is bound.
- (b) All information provided to or received by the parties hereunder shall be treated as confidential (“**Confidential Information**”). Subject to the provisions of this Section, no Confidential Information shall be published by any party hereto without the prior written consent of the others, but such consent in respect of the reporting of factual data shall not be unreasonably withheld. The consent required by this Section shall not apply to a disclosure to: (a) comply with any

applicable laws, stock exchange rules or a regulatory authority having jurisdiction; (b) a director, officer or employee of a party; (c) an affiliate (within the meaning of the OBCA) of a party; (d) a consultant, contractor or subcontractor of a party that has a *bona fide* need to be informed; or (e) any third party to whom the disclosing party may assign any of its rights under this Agreement; provided, however, that in the case of subsection (e) the third party or parties, as the case may be, agree to maintain in confidence any of the Confidential Information so disclosed to them.

- (c) The obligations of confidence and prohibitions against use of Confidential Information under this Agreement shall not apply to information that the disclosing party can show by reasonable documentary evidence or otherwise: (a) as of the date of this Agreement, was in the public domain; (b) after the date of this Agreement, was published or otherwise became part of the public domain through no fault of the disclosing party or an affiliate thereof (but only after, and only to the extent that, it is published or otherwise becomes part of the public domain); or (c) was information that the disclosing party or its affiliates were required to disclose pursuant to the order of any Governmental authority or judicial authority.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

**WORLD CLASS EXTRACTIONS INC.**

Per: *signed "Michael McCombie"*

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Michael McCombie  
Chief Executive Officer

**CBD MED RESEARCH CORP.**

Per: *signed "Gary F. Zak"*

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Gary F. Zak  
Chief Executive Officer

**SCHEDULE "A"**  
**AMALGAMATION AGREEMENT**



**AMALGAMATION AGREEMENT**

**THIS AMALGAMATION AGREEMENT** is made as of February 13, 2019,

**AMONG:**

**CBD MED RESEARCH CORP.,**

a corporation incorporated under the laws of the Province of British Columbia  
("CBD");

- and -

**CBD ACQUISITION CORP.,**

a corporation incorporated under the laws of the Province of Ontario

("Subco");

- and -

**WORLD CLASS EXTRACTIONS INC.,**

a corporation incorporated under the laws of the Province of Ontario  
("World Class");

**WHEREAS** World Class and CBD have agreed to combine their businesses and assets pursuant to the Business Combination Agreement;

**AND WHEREAS** World Class and Subco are each incorporated under the OBCA;

**AND WHEREAS** Subco is a wholly-owned subsidiary of CBD;

**AND WHEREAS** the authorized capital of World Class consists of an unlimited number of WCE Shares, of which 153,545,000 are issued and outstanding at the date hereof as fully paid and non-assessable shares;

**AND WHEREAS** the authorized capital of Subco consists of an unlimited number of Subco Shares, of which 100 Subco Shares are issued and outstanding at the date hereof as fully paid and non-assessable shares, all of which are owned beneficially and of record by CBD;

**AND WHEREAS** pursuant to the Amalgamation, and subject to the terms of the Business Combination Agreement, World Class and Subco shall amalgamate and continue as Amalco, which shall become a wholly-owned subsidiary of CBD, and CBD shall issue to each World Class Shareholder one (1) CBD Post-Split Share for each one (1) WCE Post-Split Share held;

**AND WHEREAS** World Class, CBD and Subco have each made full disclosure to the other of all their respective assets and liabilities;

**NOW THEREFORE** in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties agree as follows:

**1. Interpretation**

In this Agreement, including the recitals hereto, the following words and expressions shall have the respective meanings ascribed to them below:

“**Agreement**” means this agreement, its recitals and exhibits, as the same may be amended, modified or supplemented from time to time;

“**Amalco**” means the corporation resulting from the Amalgamation and continuing the corporate existence of the Amalgamating Corporations;

“**Amalco Shareholder**” means a registered holder of Amalco Shares, from time to time, and “**Amalco Shareholders**” means all of such holders;

“**Amalco Shares**” means the common shares in the share capital of Amalco;

“**Amalgamating Corporations**” means World Class and Subco and “**Amalgamating Corporation**” means either of them as applicable;

“**Amalgamation**” means the amalgamation of the Amalgamating Corporations pursuant to the provisions of the OBCA in the manner contemplated in and pursuant to this Agreement;

“**Articles of Amalgamation**” means the articles of amalgamation giving effect to the Amalgamation to be filed with the Director appointed under the OBCA pursuant to this Agreement, in the form annexed hereto as Schedule “A”;

“**Business Combination Agreement**” means the business combination agreement dated February 13, 2019 between World Class and CBD;

“**CDS**” means CDS Clearing and Depository Services Inc.;

“**CBD Compensation Warrants**” has the meaning ascribed to that term in the Business Combination Agreement;

“**CBD Post-Split Shares**” means the issued and outstanding common shares in the capital of CBD, as constituted following the CBD Share Split;

“**CBD Share Split**” means, conditional on and effective upon the closing of the Business Combination, a split of the issued and outstanding CBD Shares on the basis of one (1) CBD Split Share for each three (3) CBD Post-Split Shares;

“**CBD Shareholder**” means a registered holder of CBD Shares or CBD Post-Split Shares, as the case may be, from time to time;

“**CBD Shares**” means the issued and outstanding common shares in the capital of CBD, as constituted prior to the CBD Share Split;

“**CBD Name Change**” means, subject to the completion of the Amalgamation, a change in the name of CBD to “World Class Extractions Inc.” or such other similar name as may be accepted by the relevant regulatory authorities and approved by the board of directors of CBD following the Amalgamation;

“**CBD Options**” has the meaning ascribed to that term in the Business Combination Agreement;

“**CBD Warrants**” has the meaning ascribed to that term in the Business Combination Agreement;

“**Certificate of Amalgamation**” means the certificate of amalgamation to be issued by the Director in respect of the Amalgamation;

“**Depository**” means Computershare Investor Services Inc., which is also the transfer agent and registrar for the CBD Shares;

“**Director**” means the Director appointed under Section 278 of the OBCA;

“**Dissenting Shareholder**” means a registered World Class Shareholder who, in connection with the special resolution of the World Class Shareholders which approves and adopts this Agreement, has exercised the right to dissent pursuant to Section 185 of the OBCA in strict compliance with the provisions thereof and thereby becomes entitled to be paid the fair value of his, her or its WCE Shares and who has not withdrawn the notice of the exercise of such right as permitted by Section 185 of the OBCA;

“**Effective Date**” means the date shown on the Certificate of Amalgamation;

“**fair value**” where used in relation to a World Class Share held by a Dissenting Shareholder, means fair value as determined by a court under Section 185 of the OBCA or as agreed between World Class and the Dissenting Shareholder;

“**Financing**” has the meaning ascribed to that term in the Business Combination Agreement;

“**Letter of Transmittal**” means a letter of transmittal to be sent to holders of WCE Shares for use in connection with the Amalgamation and in order to receive the CBD Shares to which they are entitled after giving effect to the Amalgamation;

“**OBCA**” means the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B.16, as amended;

“**Parties**” means World Class, Subco and CBD, and “**Party**” means each of them as applicable;

“**Person**” means a natural person, partnership, limited liability partnership, corporation, joint stock company, trust, unincorporated association, joint venture or other entity, and pronouns have a similarly extended meaning;

“**Subco Shareholder**” means the registered holder of Subco Shares, being CBD;

“**Subco Shares**” means the common shares in the capital of Subco;

“**WCE Financing Compensation Warrants**” has the meaning ascribed to that term in the Business Combination Agreement;

“**WCE Finder Shares**” has the meaning ascribed to that term in the Business Combination Agreement;

“**WCE Options**” has the meaning ascribed to that term in the Business Combination Agreement;

“**WCE Share Split**” means, conditional on and effective upon the closing of the Business Combination, a split of the issued and outstanding WCE Shares on the basis of one (1) WCE Pre-Split Share for each 1.5 WCE Post-Split Shares;

“**WCE Post-Split Share**” means the issued and outstanding common shares in the capital of World Class, as constituted following the WCE Share Split;

“**WCE Shares**” means the issued and outstanding common shares in the capital of World Class, as constituted prior to the WCE Share Split; and

“**World Class Shareholder**” means a registered holder of WCE Shares, from time to time, and “**World Class Shareholders**” means all of such holders.

## 2. Paramountcy

In the event of any conflict between the provisions of this Agreement and the provisions of the Business Combination Agreement, the provisions of this Agreement shall prevail.

### **3. Agreement to Amalgamate**

Each of the Parties hereby agrees to the Amalgamation such that the Amalgamating Corporations shall amalgamate to create and continue as Amalco under the provisions of Section 174 of the OBCA, on the terms and conditions set out in this Agreement.

### **4. Filing of Articles**

Following the approval of this Agreement by the shareholders of the Amalgamating Corporations in accordance with the OBCA, and in accordance with the terms and conditions of the Business Combination Agreement, including the satisfaction or waiver of all conditions precedent set forth in the Business Combination Agreement, World Class shall file the Articles of Amalgamation with the Director as provided under the OBCA.

### **5. Conditions Precedent to the Amalgamation**

The Amalgamation is subject to the satisfaction or waiver by the party entitled to make such waiver, of the conditions precedent set forth in Article 7 of the Business Combination Agreement. The signing and delivery of the Articles of Amalgamation by World Class and Subco shall be conclusive evidence that such conditions have been satisfied to the satisfaction of World Class and CBD, or waived by the party entitled to make such waiver, and that World Class and Subco may amalgamate in accordance with the provisions of this Agreement.

### **6. Amalgamation Events**

Pursuant to the Amalgamation, on the Effective Date:

- (a) each issued and outstanding World Class Share held by each Dissenting Shareholder will become an entitlement to be paid the fair value of such share;
- (b) each issued and outstanding Subco Share shall be exchanged for one (1) fully paid and non-assessable Amalco Share;
- (c) each issued and outstanding WCE Post-Split Share (other than those held by Dissenting Shareholders) shall be exchanged for one (1) fully paid and non-assessable CBD Post-Split Share;
- (d) each issued and outstanding WCE Financing Compensation Warrant shall be exchanged, on an equivalent basis, for CBD Compensation Warrants;
- (e) as consideration for the issuance of CBD Shares in exchange for the WCE Shares, Amalco shall issue to CBD one (1) Amalco Share for each CBD Share so issued;
- (f) World Class and Subco shall be amalgamated and continue as Amalco;
- (g) all of the property and assets of each of World Class and Subco shall be the property and assets of Amalco and Amalco shall be liable for all of the liabilities and obligations of each of World Class and Subco, including civil, criminal and quasi criminal, and all contracts, liabilities and debts of Subco and World Class;
- (h) all rights of creditors against the property, assets, rights, privileges and franchises of Subco and World Class and all liens upon their property, rights and assets shall be unimpaired by the Amalgamation and all debts, contracts, liabilities and duties of Subco and World Class shall thenceforth attach to and be enforced against Amalco; and
- (i) no action or proceeding by or against Subco or World Class shall abate or be affected by the Amalgamation but, for all purposes of such action or proceeding, the name of Amalco shall be substituted in such action or proceeding in place of Subco or World Class, as the case may be.

**7. Articles of Amalgamation**

The Articles of Amalgamation of Amalco shall be in the form annexed hereto as Schedule “A”.

**8. Name**

The Name of Amalco shall be such designating number as may be assigned to Amalco by the Director followed by the words “Ontario Inc.”, or such other name as mutually agreed to by the Parties.

**9. Registered Office**

Until changed in accordance with the OBCA, the registered office of Amalco shall be 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9.

**10. Authorized Capital**

The authorized capital of Amalco shall consist of an unlimited number of Amalco Shares, having the following rights, privileges, restrictions and conditions :

The common shares shall have attached thereto the following rights, privileges, restrictions and conditions:

1. Voting

Each holder of common shares shall be entitled to receive notice of and to attend all meetings of shareholders of the corporation, except meetings at which only holders of other classes or series of shares are entitled to attend, and at all such meetings shall be entitled to one vote in respect of each common share held by such holder.

2. Dividends

The holders of common shares shall be entitled to receive dividends if and when declared by the board of directors.

3. Liquidation

In the event of any liquidation, dissolution or winding-up of the corporation or other distribution of the assets of the corporation among its shareholders for the purpose of winding-up its affairs, the holders of common shares shall be entitled to receive the remaining property or assets of the corporation.

**11. Share Transfer Restrictions**

The Amalco Shares shall be subject to the following restrictions on transfer :

If the corporation:

- (a) is not a reporting issuer or an investment fund within the meaning of applicable securities legislation; and
- (b) has not distributed to the public (excluding accredited investors within the meaning of applicable securities legislation) any of its securities, then no securities in the capital of the corporation (other than non-convertible debt securities) shall be transferred without either:

- (i) the previous consent of the board of directors expressed by a resolution passed by the board of directors or by an instrument or instruments in writing signed by a majority of the directors; or
- (ii) the previous consent of the holders of at least 51% of the securities of that class for the time being outstanding expressed by a resolution passed by the securityholders or by an instrument or instruments in writing signed by such securityholders.

**12. Business**

There shall be no restrictions on the business which Amalco is authorized to carry on or the powers which Amalco may exercise.

**13. Number of Directors**

The board of directors of Amalco shall consist of not less than one (1) and not more than ten (10) directors, the exact number of which shall be determined by the directors from time to time.

**14. First Directors**

The first director of Amalco shall be the person whose names and residential addresses appear below:

Name	Address	Resident Canada
Donal Carroll	55 North Drive, Toronto, Ontario M9A 4R1	Yes

The above director shall hold office from the Effective Date until the first annual meeting of Amalco Shareholders or until his successor is elected or appointed.

**15. By-laws**

The by-laws of Amalco shall be, to the extent not inconsistent with this Agreement, the by-laws of Subco, until repealed or amended.

**16. Fractional Shares**

No fractional CBD Post-Split Shares or Amalco Shares will be issued or delivered to any former World Class Shareholders or the former Subco Shareholder otherwise entitled thereto, if any. Instead, the number of CBD Post-Split Shares or Amalco Shares issued to each former holder of WCE Post-Split Shares or Subco Shares will be rounded down to the nearest whole number.

**17. Stated Capital**

The stated capital account in the records of Amalco for the Amalco Shares shall be equal to the stated capital attributed to the WCE Post-Split Shares and the Subco Shares, determined immediately before the Amalgamation.

**18. Delivery of Securities Following Amalgamation as soon as Practicable After the Effective Date:**

- (a) Amalco shall issue certificates representing the appropriate number of Amalco Shares to the former Subco Shareholder. Until delivery of such certificate, the share certificate or certificates representing the Subco Shares held by the former Subco Shareholder will be evidence of the former Subco Shareholder's right to be registered as a shareholder of Amalco. Share certificates formerly representing Subco Shares which are held by the former Subco Shareholder shall cease

to represent any claim upon or interest in Subco other than the right of the registered holder to receive the number Amalco Shares to which it is entitled pursuant to the terms hereof; and

- (b) in accordance with normal commercial practice, CBD shall issue or cause to be issued certificates, direct registration statements or electronic positions within CDS representing the appropriate number of CBD Post-Split Shares (post-CBD Name Change) to the former World Class Shareholders (other than Dissenting Shareholders) by: (i) depositing such CBD Post-Split Shares with the Depository and/or the electronic positions representing such CBD Post-Split Shares with CDS (in the name of the Depository), as applicable, to satisfy the consideration issuable to such World Class Shareholders; and (ii) as soon as reasonably practicable after the Effective Date, causing the Depository to forward to, or hold for pick-up by, each former World Class Shareholder that submitted a duly completed Letter of Transmittal or other evidence of entitlement to the Depository, together with the certificate (if any) representing the WCE Post-Split Shares held by such World Class Shareholder or such other evidence of ownership of such WCE Post-Split Shares as is satisfactory to the Depository, acting reasonably, (A) the certificates representing the CBD Post-Split Shares to which such World Class Shareholder is entitled, in accordance with its Letter of Transmittal (or other evidence of entitlement), or (B) confirmation of a non-certificated electronic position transfer in CDS representing the CBD Post-Split Shares to which such World Class Shareholder is entitled, in accordance with its Letter of Transmittal. Share certificates formerly representing WCE Post-Split Shares which are held by the former World Class Shareholders shall cease to represent any claim upon or interest in World Class other than the right of the registered holder to receive the number of CBD Post-Split Shares to which it is entitled pursuant to the terms hereof.

## **19. Negative Covenants**

From the date hereof to and including the Effective Date, each of World Class, Subco and CBD covenants that it will not:

- (a) reserve, allot, create, issue or distribute any of its securities, other than: (i) on exercise of the WCE Convertible Securities or the WCE Options; (ii) on exercise of the CBD Options or CBD Warrants; (iii) securities to be issued pursuant to the Financing; (iv) securities to be issued in order to effect the transactions described in the Business Combination Agreement; (v) the grant of WCE Options in the normal course under the terms of World Class's incentive stock option plan; and (vi) the WCE Finder Shares;
- (b) declare or pay dividends on any of its shares other than as has been publicly disclosed as of the date hereof or as contemplated in the Business Combination Agreement or make any other issue, payment or distribution to the holders of its securities including, without limitation, the issue, payment or distribution of any of its assets or property to such holders;
- (c) authorize or take any action to amalgamate, merge, reorganize, effect an arrangement, liquidate, dissolve, wind-up or transfer all or substantially all of its undertaking or assets to another corporation or entity;
- (d) reclassify any outstanding securities or change such securities into other shares or securities or subdivide, redivide, reduce, combine or consolidate such securities into a greater or lesser number of securities, effect any other capital reorganization or amend the designation of or the rights, privileges, restrictions or conditions attaching to such securities, other than in order to effect the transactions described in the Business Combination Agreement;
- (e) amend its articles or by-laws, other than in order to effect the transactions described in the Business Combination Agreement; or

- (f) enter into any transaction, or take any other action, out of the ordinary course of its business, other than in order to effect the transactions described in the Business Combination Agreement.

**20. Termination**

Subject to the terms of the Business Combination Agreement, this Agreement may be terminated by the board of directors of each of the Amalgamating Corporations, notwithstanding the approval of this Agreement by the shareholders of the Amalgamating Corporations, at any time prior to the issuance of the Certificate of Amalgamation. If this Agreement is terminated pursuant to this section, this Agreement shall forthwith become void and of no further force and effect.

**21. Governing Law**

This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each Party hereby irrevocably attorns to the jurisdiction of the courts of the Province of Ontario sitting in and for the judicial district of Toronto in respect of all matters arising under or in relation to this Agreement.

**22. Further Assurances**

Each of the Parties agrees to execute and deliver such further instruments and to do such further reasonable acts and things as may be necessary or appropriate to carry out the intent of this Amalgamation Agreement.

**23. Time of the Essence**

Time shall be of the essence of this Agreement.

**24. Amendments**

This Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

**25. Counterparts**

This Agreement may be signed in counterparts (including counterparts by facsimile or email), and all such signed counterparts, when taken together, shall constitute one and the same agreement, effective on this date.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**



**IN WITNESS WHEREOF** the Parties have executed this Agreement by their duly authorized officers as of the day and year first above written.

**CBD MED RESEARCH CORP.**

Per: \_\_\_\_\_  
Gary F. Zak  
Chief Executive Officer

**CBD ACQUISITION CORP.,**

Per: \_\_\_\_\_  
Gary F. Zak  
Director

**WORLD CLASS EXTRACTIONS INC.**

Per: \_\_\_\_\_  
Michael McCombie  
Chief Executive Officer